

WASHINGTON METROPOLITAN AREA TRANSIT COMMISSION

WASHINGTON, DC

ORDER NO. 3586

IN THE MATTER OF:

Served November 14, 1990

Application of WASHINGTON-DULLES)
TRANSPORTATION, LTD., for Fuel)
Surcharge on Interstate Taxicab)
Rates)

Case No. AP-90-47

Prescription of Fuel Surcharge on)
Interstate Taxicab Rates)

Case No. MP-90-18

SUMMARY: For all taxicabs transporting passengers interstate between points in the Metropolitan District, the effect of this decision is to apply a fuel surcharge of 75¢ to each such taxicab trip only when one person or preformed party is transported.

EFFECTIVE DATE: Monday, November 19, 1990, at 4:00 a.m., for one year, unless otherwise ordered.

By application filed October 10, 1990, in Case No. AP-90-47, Washington-Dulles Transportation, Ltd. (WDTL), requests an increase in its basic rates or a surcharge to cover the increased cost of fuel. Pursuant to contract with the Metropolitan Washington Airports Authority (WMAA), WDTL operates the taxicab concession at Washington Dulles International Airport under MWAA's Washington Flyer logo. In support of its request WDTL points to the increase in the cost of fuel and other expenses.

The Commission made its most recent overall prescription of interstate taxicab rates in the Metropolitan District by Order No. 3058, served August 17, 1987, which became effective September 21, 1987. The Commission is cognizant that increases in the price of gasoline have occurred in the past several months. Further, the Commission recognizes that these increases affect not only WDTL but all taxicabs operating under Commission-prescribed rates. Accordingly, we hereby consolidate WDTL's application with a general consideration of this issue in Case No. MP-90-18.

The Commission's jurisdiction to prescribe interstate taxicab rates in the Metropolitan District is specified in the Compact, Title II, Article XII, Section 8:

The Commission shall have the duty and the power to prescribe reasonable rates for transportation by taxicab only between a point in the jurisdiction of one signatory party and a point in the jurisdiction of another signatory party provided both points are

within the Metropolitan District. The fare or charge for such transportation may be calculated on a mileage basis, a zone basis, or on any other basis approved by the Commission; provided, however, that the Commission shall not require the installation of a taximeter in any taxicab when such a device is not permitted or required by the jurisdiction licensing and otherwise regulating the operation and service of such taxicab.

What the Commission is here considering is a recent, significant aberration in gasoline prices apparently owing to world events. It is the Commission's intention to deal swiftly and effectively with this element of the cost of providing service, in a manner that will not needlessly delay relief. The justification for action is both compelling and publicly evident.

WDTL asserts that "as of Labor Day, 1987, the average purchase price of a gallon of gasoline was \$1.103 per gallon. As of July 1, 1990, the price of premium gasoline was between \$1.209 to \$1.309 per gallon. However, as of October 1, 1990, . . . the price has increased to \$1.529 to \$1.559 per gallon." In addition, WDTL provides a schedule compiled by "contacting representative service stations in the Northern Virginia area" which indicates the price of a gallon of premium gasoline rose as much as \$0.259 from July 1, to October 1, 1990. Due to these and other increased expenses, WDTL proposes "an emergency fuel surcharge and/or rate increase" according to the following schedule:

<u>Miles Per Trip</u>	<u>Fuel Surcharge or Increase Per Trip</u>
1 to 10 miles	\$1.00
11 to 20 miles	\$2.00
21 to 30 miles	\$3.00
31 to 40 miles	\$4.00
41 to 50 miles	\$5.00
greater than 50 miles	\$6.00

AAA Potomac has provided the Commission with information showing that from July 4, 1990, to October 25, 1990, the average retail price per gallon for self-serve regular unleaded gasoline in the Washington area rose from \$1.079 to \$1.415, an increase of \$0.336. Many taxicab operators may have access to fuel at below-retail prices. Despite the difference between wholesale and retail prices, the recent increases in both have been about the same. Only the incremental cost is of concern here.

The U.S. Department of Commerce, Bureau of Labor Statistics (BLS), has provided the Commission with information showing that the retail price of gasoline, as an element of the Consumer Price Index in the Washington metropolitan area, rose 25.9 percent, an unadjusted figure, from September 1989 to September 1990.

In analyzing the three sets of data in this record, the Commission notes that each covers a different period of time. WDTL's data start Labor Day 1987 and run to October 1, 1990. AAA's data cover July 4, 1990, to October 25, 1990. BLS's data cover September 1989 to September 1990. WDTL's data, covering the longest period, show the greatest increase. WDTL's ending data give a price range for premium gasoline, but the grade of gasoline at the beginning of the period is not specified. In addition, it is clear that WDTL's data result from a very limited and informal survey. AAA data show the national and Washington area prices of self-serve regular unleaded only, on 22 specific dates in a period of less than five months. The BLS data provide a percentage increase for the year ended September 1990. Using the AAA and BLS data, it is possible to extrapolate a price for self-serve regular unleaded gasoline in the Washington area of about \$1.016 as of September 1989. For purposes of this discussion we find credible evidence of record that the approximate average price of a gallon of self-serve regular gasoline in the Washington area was:

\$1.016 in September 1989
\$1.079 on July 4, 1990
\$1.279 on September 25, 1990
\$1.415 on October 25, 1990

For closer comparison, we note that WDTL's data show increases in the \$0.24 to \$0.259 range from July 1, 1990, to October 1, 1990 (premium grade), and AAA's data show an increase of \$0.258 from July 4, 1990, to October 2, 1990 (self-serve unleaded regular). Not only are these data notably consistent, but they also suggest that the amount of increase was about the same, regardless of fuel grade.

The Commission notes that for local intrastate service in District of Columbia taxicabs, the District of Columbia Taxicab Commission recently implemented a 25¢ per trip fuel surcharge and is currently considering additional increases in zone charges ranging from 20¢ to 90¢.

Although no empirical data are currently available, the Commission believes it is a reasonable assumption that the average interstate trip covers more miles than the average intrastate trip. First, the potential distances are greater. Second, the opportunities for short trips are limited to areas close to state boundaries. It appears that the local District of Columbia fuel surcharge may approximate the incremental fuel cost for a trip using slightly less than a gallon of fuel. The Commission understands, too, that a taxicab operating within the District of Columbia has a much better chance of finding a return fare -- applying the surcharge again -- whereas an interstate trip has a much better chance of returning empty. The Commission believes that the average taxicab is somewhat larger and heavier, and often more powerful, than the average vehicle in general use. This would indicate worse-than-average fuel consumption in the range of 15 miles per gallon, or perhaps even less.

The Commission finds that the record does not support the relief requested by WDTL. The Commission finds a fuel surcharge of 75¢ to be appropriate in interstate service. This amount will more than cover the incremental cost of about two gallons of gasoline resulting from increases since July 4, 1990, plus a modest cushion for additional future increases. Applicability of the fuel surcharge will be limited to trips carrying one person or one preformed party. Multiple party interstate taxicab trips are permitted under very specific circumstances. However, these trips result in full-fare charges for each party. This relatively rare situation is considered sufficiently compensatory for the operator to be able to absorb the additional fuel cost. Finally, applicability of the fuel surcharge will be limited to a period of one year, unless otherwise ordered.

THEREFORE, IT IS ORDERED:

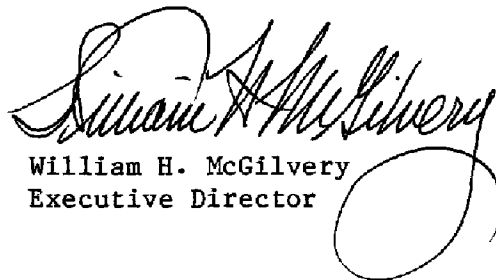
1. That a fuel surcharge of seventy-five cents (75¢) per trip shall apply to interstate passenger transportation by taxicab only between a point in the jurisdiction of one signatory party and a point in the jurisdiction of another signatory party, provided both points are within the Metropolitan District.

2. That the above-described fuel surcharge shall apply only when one person or one preformed party is transported.

3. That the above-described fuel surcharge shall become effective Monday, November 19, 1990, at 4:00 a.m., and shall remain in effect through Monday, November 18, 1991, at 4:00 a.m., unless otherwise ordered by the Commission.

4. That the application of Washington-Dulles Transportation, Ltd., in Case No. AP-90-47 is hereby denied, except to the extent granted herein.

BY DIRECTION OF THE COMMISSION; COMMISSIONERS WORTHY, SCHIFTER, AND SHANNON:


William H. McGilvery
Executive Director